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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

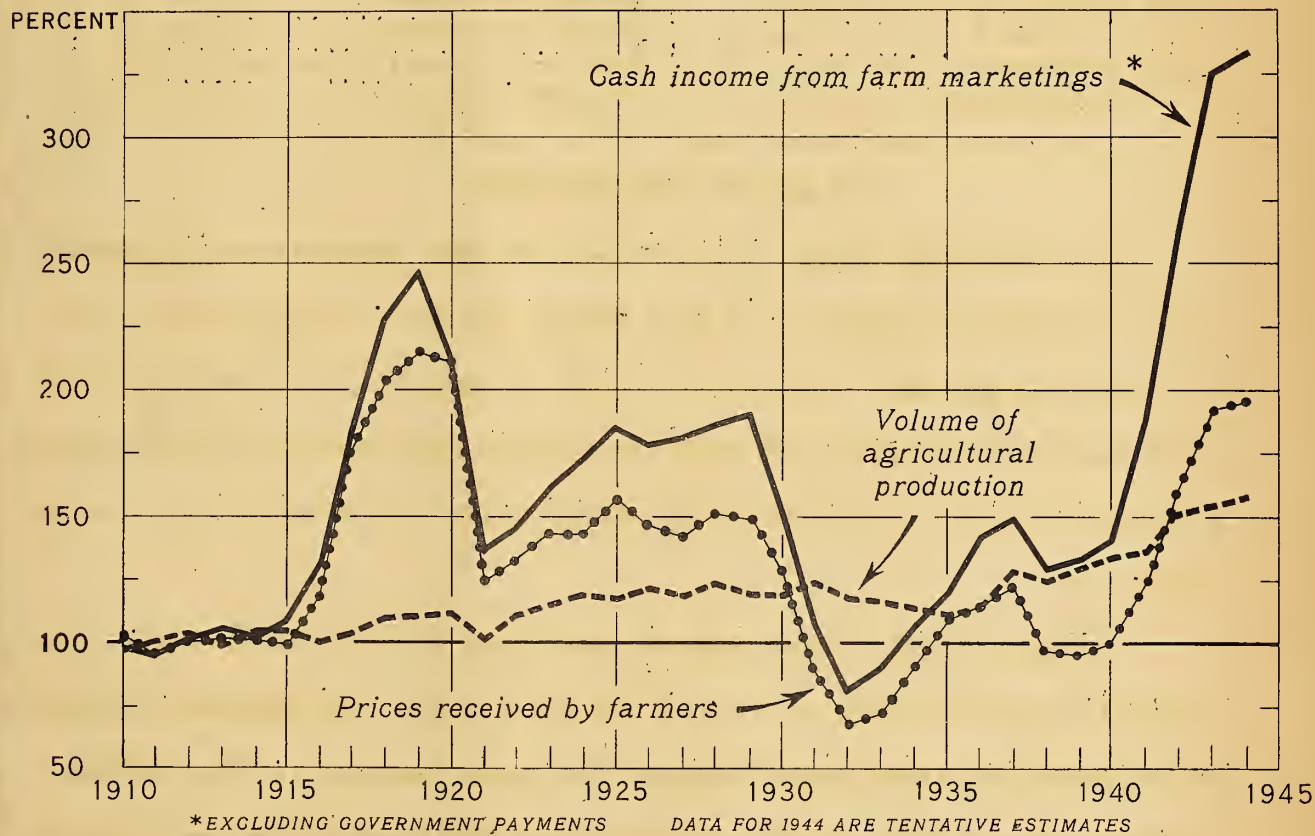
WASHINGTON, D. C.



DECEMBER 1944

AGRICULTURAL PRODUCTION, PRICES, AND INCOME, UNITED STATES, 1910-44

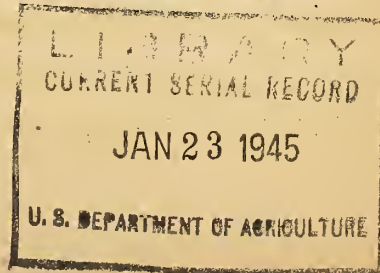
INDEX NUMBERS (1910-14=100)



U. S. DEPARTMENT OF AGRICULTURE

NEG. 39408 BUREAU OF AGRICULTURAL ECONOMICS

The volume of agricultural production for sale and home consumption has increased every year since 1938. Prices received by farmers have advanced each year since 1939, but the increase in 1944 was slight. The result has been a rapid increase in cash receipts from farm marketings from 1940 to 1943 and a moderate increase from 1943 to 1944.



THE DEMAND AND PRICE SITUATION

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DEMAND FOR FARM PRODUCTS

No substantial change in the demand for farm products is in prospect as long as fighting continues in both Europe and Asia. Some decline in demand following the end of the war in Europe is probable, but the level will remain much above pre-war, and supplies of most farm products in 1945 should be readily absorbed by the market at prices which will average near current levels.

Nonagricultural income payments increased slightly in October. The seasonally adjusted index of 231.0 ^{1/} was the highest ever recorded. However, variations in the index since February 1944 have been small. The maximum difference during this period -- that between April and October -- amounted to less than 3 percent. The small increases in recent months have been largely the result of increased payments to military personnel and their dependents. In the third quarter of 1944, these payments constituted almost 12 percent of the total income payments received by individuals. There has been some decline in manufacturing payrolls in 1944, but this has been about ^{1/} Department of Commerce, 1935-39 = 100.

offset by increased salary and wage payments in retail trade and in finance and service establishments. Increases in military payments in recent months have been somewhat smaller than they were during the first half of 1944, because the rate of growth of the armed forces has been slower. However, payments per person in the armed services have been rising slowly.

The dollar volume of retail sales continues to be larger than it was a year ago. The seasonally adjusted index of sales for October 1944 averaged 187.2 (see footnote 1, page 2), which is 7 percent above the index for the corresponding period of 1943. The increase in sales was largest for stores selling nondurable goods, amounting to 8 percent as compared with 4 percent for stores selling durable goods. Part of this increase was the result of higher prices charged in 1944, but more than one-half appears to be the result of either an increase in the physical volume of goods sold or the purchase of better quality goods. The index of retail sales, after eliminating the effect of price changes, averaged 131.0 for the third quarter of 1944, an increase of 4 percent from a year earlier.

-- December 18, 1944.

INDUSTRIAL PRODUCTION

Industrial production has been declining slowly during the past year. The seasonally adjusted index for October 1944 was 230.² This is the lowest figure since January 1943 and is about 7 percent under the peak of October and November 1943. Present indications are that production in November was about the same or slightly lower than in October. Nearly all of the decline has been in the production of manufactured goods. Industries for which production has shown the largest percentage decline during the past year are: Chemicals, transportation equipment, nonferrous metals and products, and stone, clay, and glass products. Production of iron and steel has declined nearly 5 percent. The production of petroleum, coal, leather, and manufactured food products is now somewhat above that of a year ago.

The value of manufacturers' shipments has declined less than production. Shipments during the third quarter of 1944 were only about 2 percent smaller than the peak reached in the second quarter of 1944 and were nearly 6 percent larger than in the third quarter of 1943. Maintaining shipments

²/ Federal Reserve Board, 1935-39 = 100.

in spite of declines in production has resulted in a drop of 3 percent in the average value of manufacturers' inventories from the peak reached in the fourth quarter of 1943 to the third quarter of 1944. Practically all of the decline in inventories has been in durable goods. Inventories of iron and steel and those of electrical machinery have both declined about 8 percent.

The value of new orders received by manufacturers increased gradually during the first half of 1944, being about 14 percent greater in July than in January. However, there was a decline of 8 percent from July to September 1944. This decline has been entirely in new orders for durable goods. New orders for nondurable goods in September were the largest ever recorded.

PURCHASES OF AGRICULTURAL PRODUCTS BY THE WAR FOOD ADMINISTRATION

Nearly 90 percent of the exports of agricultural products from the United States during the past 3 years have been made under lend-lease arrangements. Most of these products have been purchased by the War Food Administration for transfer to the Foreign Economic Administration for lend-lease purposes. In addition, the War Food Administration has purchased smaller amounts for Territorial Emergency, the Red Cross, and other purposes. These purchases have been large enough to be a significant factor in the total demand for farm products in the United States.

The amounts purchased have declined in recent months. The value of agricultural products purchased in August 1944 was approximately 148 million dollars as compared with 81 million in September and in October. The value of purchases in October 1944 was about two-thirds that for the previous October. Except for August, purchases have been smaller each month since April 1944 than they were in the corresponding month of 1943. The largest declines in purchases in October 1944 as compared with those a year earlier were in sugar -- nearly 100 percent; fruits and vegetables -- 58 percent; and meats -- 14 percent. Purchases of dairy and poultry products decreased only 1 percent, while those of grains and cereal products increased about 2 percent.

During the first 10 months of 1944, approximately 38 percent of all the purchases consisted of dairy and poultry products. Eggs, mostly in dried form, accounted for about one-fifth of the total. Purchases of meat and lard amounted to 29 percent, while fruit and vegetable products supplied only about 8 percent, and grain and cereal products less than 7 percent of the total. Fats and oils, other than butter and lard, amounted to about 4 percent and sugar 2.5 percent of all purchases. Purchases of raw cotton amounted to 4 percent and those of tobacco to 2 percent of the total.

AGRICULTURAL PRICES

The index of prices received by farmers for November 1944 was 196. This is two points above the previous month and only one point below the peak for the present war, reached in April 1943. The maximum variation in the index in the past 20 months has amounted to only about 2 percent. This stability seems likely to continue for several months. However, prices for certain crops in December averaged slightly higher than in November. The slight rise in the index which occurred in November was largely the result of significant increases in the price of truck crops, poultry and eggs, and tobacco. The

index of fruit prices declined nearly 5 percent. Changes in the index of prices for other groups of commodities were relatively small. In recent months, the index of prices of feed grains and hay, fruits, and truck crops has shown a downward trend. Prices of food grains declined from April to September 1944, but there was considerable recovery in October and November. Prices of cotton, tobacco, oil-bearing crops, dairy products, and poultry and eggs have generally been rising, while the index of prices of meat animals has been unusually steady in recent months.

The index of prices paid for commodities, interest, and taxes, rose one point to 171 in November after remaining constant for the five previous months. The index is now at the highest point reached during the present war, but still only 3 percent above November 1943. The ratio of prices received to prices paid, interest, and taxes was 115 for November 1944, one point above October but 8 points below the peak of 123 reached in April 1943.

FARM INCOME

Total cash receipts for December are tentatively estimated at nearly 1.9 billion dollars. This is less than the present estimate of 2.0 billion dollars for November but more than the 1.7 billion in December 1943. Income from food grains dropped, compared with November, owing largely to a substantial decrease in sales of rice, but receipts from feed grains and hay increased as marketings of corn increased seasonally. Receipts from tobacco were substantially greater but fruits and nuts declined. Income from crops as a whole dropped nearly one-fifth from the November level and receipts from livestock and livestock products increased slightly. This increase was due principally to a gain in receipts from meat animals. Slightly higher milk production and sales raised income from dairy products somewhat, but the seasonal reduction in sale of chickens brought about a decline in poultry and eggs.

Wholesale-price trends early in December indicated that the index of prices received by farmers would be up slightly from November. Prices for crops were up but livestock prices were down slightly below November. Present estimates indicate that total receipts from farm marketings for the entire year 1944 amounted to about 20 billion dollars, 4 percent above the 1943 income for the same period. Receipts from crops are substantially above last year. Income from livestock and livestock products is down slightly. Receipts from food grains, and from fruits and nuts increased substantially.

Present estimates of cash receipts for November of about 2 billion dollars were 17 percent less than the receipts of 2,427 million dollars in October. Volume of crop marketings was down in November because of seasonal declines in the sales of food grains, cotton, oil-bearing crops, and vegetables. The volume of marketings of livestock and livestock products also showed a slight decline as a result of a drop in sales of meat animals and dairy products. Receipts from crops declined somewhat more than income from livestock and livestock products.

LIVESTOCK AND MEATS

Prospective meat supplies during the first half of 1945 probably will fall materially short of demand at present ceiling prices. Over-all meat production may be at least 1-1/2 billion pounds smaller than during the first

6 months of 1944, due largely to a reduction in pork output. Commercial meat stocks at the beginning of 1945 will be much lower than at the first of 1944, and may be the lowest for the date since 1941. Meat requirements of the armed forces and for lend-lease shipment may be about the same as a year earlier and civilian demand will continue strong.

Pork production will be materially smaller than a year earlier throughout the first 6 months of 1945, reflecting sharp reductions in the size of the 1944 pig crops. Lamb and mutton output will also be smaller. The number of sheep and lambs to be fed this winter will be somewhat smaller than a year earlier, and sheep and lambs from feedlots and winter wheat pastures make up the bulk of sheep and lamb slaughter during the first 4 months of the year. However, shipments of cattle to feedlots this fall and a larger production of veal calves from present record dairy cow numbers indicate that beef and veal production probably will be moderately larger.

Reflecting the tight supply situation in meats, prices for all species of meat animals probably will be maintained at or near present levels at least throughout the first 6 months of 1945.

The hog-corn price ratio became more favorable to hog producers in the late fall of 1944 than for any period since the fall of 1943. However, the ratio of 12.7 on November 15 for the United States, farm basis, was only moderately above the average of 11.8 for the years 1923-42. The ratio is likely to continue more favorable than a year earlier throughout the winter and spring. Prices for hogs may rise to the ceiling level after the peak of marketings has passed this winter. Throughout the first 7 months of 1944, hog prices were near the support level. Corn prices dropped from the ceiling level in late October, and prices throughout most of 1945 probably will average lower than a year earlier.

DAIRY PRODUCTS

The over-all demand for dairy products, at least for the first half of 1945, probably will remain strong and continue to exceed available supplies at ceiling prices. However, the fluid milk supply probably will continue to equal more nearly the demand in the next few months, in contrast to the tight situation which prevailed in the fall and winter of 1943-44. But supplies of most manufactured dairy products, especially butter, will continue short. A smaller butter production in the first part of 1945 than in 1944 and depleted storage stocks will leave less butter available for the domestic market. Production of other principal manufactured dairy products probably will continue at a higher rate at the beginning of 1945 than in 1944, and, with noncivilian demands remaining about the same, a slightly larger volume of such products will be available for the civilian market.

As in 1944, prices received by farmers for the first half of 1945 will show less-than-usual seasonal declines from mid-November 1944, because of the absence of seasonal variation in wholesale and retail price ceilings for dairy products. The pre-war (1935-39) average percentage decline from November to June in prices received by farmers was 21 percent for wholesale milk and 16 percent for butterfat. The farm prices in mid-November were \$3.39 per hundred-weight for wholesale milk and 50.7 cents per pound for butterfat.

Milk production in October and November continued at a record level and exceeded any previous corresponding month. For the first 11 months of 1944, production was 110.5 billion pounds. This compares with the January-November 1943 output of 109.9 billion pounds, and an average 1935-39 production for the 11 months of 96.2 billion pounds.

POULTRY AND EGGS

Poultry prices for the first half of 1945 probably will remain at ceiling levels because of very strong demand, both civilian and military. Supplies of chicken meat will be significantly less in the first part of 1945 than in 1944. Large military requirements during the first few months of 1945 will leave less chicken meat available for domestic consumption. In order to obtain supplies of poultry for the armed forces, the War Food Administration issued WFO 119, effective December 11, which provides for the set-aside of virtually all poultry produced and processed in Delaware and the heavy producing areas of Maryland, Virginia, and West Virginia. With favorable consumer incomes and reduced supplies of red meat, demand from civilians is expected to exceed available supplies at the prevailing prices. Prices received by farmers for chickens in mid-November averaged 24.0 cents compared with 24.3 cents on November 15, 1943.

The farm price of eggs for the next few months probably will show usual seasonal declines from the seasonal peak of 43.4 cents (92 percent of parity) in mid-November. Civilian demand is expected to remain strong, and per capita consumption probably will continue at least at the record level of 1944. The demand for eggs for dehydrating purposes may be less and an adequate volume should be available for civilians, even if production declines. Accordingly, prices may be slightly lower during the first part of 1945 than in 1944 (January through June), at which time prices received by farmers averaged 29.8 cents, or 94 percent of parity.

The War Food Administration on December 12 announced its price-support program for eggs. Minimum producer prices announced for 1945 are 27 cents per dozen for candled eggs and 24 cents for straight-run. The support level in effect during the spring of 1944 was 26 to 27 cents for current receipt eggs. Outlets for dried eggs, in addition to those which seem quite firm at present, are being developed as an additional means of supporting egg prices if necessary.

Egg production during November -- 249.8 million dozen -- continued at a record rate and was 10 percent above November 1943. For the first 11 months of 1944, farm egg production totaled 4,508 million dozen, 266 million dozen above the previous 1943 record.

FATS, OILS, AND OILSEEDS

European demand is strong for fats and oils to be supplied from the United States in 1945. Also, domestic demand is expected to remain at a high level next year. But the total supply of fats and oils available in the United States in 1945 probably will be considerably smaller than in 1944, with substantial reductions in the output of lard, grease, and linseed oil. Prices of most fats and oils are expected to remain at ceiling levels during 1945.

Tentative acreage goals and price-support programs for soybeans, flaxseed, cotton, and peanuts in 1945 were announced in mid-November. No change from 1944 was suggested in soybean or cotton acreage, but an increase of about 50 percent in flaxseed acreage and a decline of 4 percent in peanut acreage were proposed. Support prices for soybeans and peanuts would be the same as for the 1944 crops. For No. 1 flaxseed, support prices would be placed at 10 cents per bushel under ceiling prices at all terminal markets. This would be \$3.00 per bushel at Minneapolis, Chicago, Portland, and other Northwestern markets, up 5 cents from the present support level; \$3.20 at Los Angeles and San Francisco, up 35 cents; \$2.85 at Kansas terminals, and \$2.80 at Texas markets, the same as in 1944. Cotton prices would be supported at 92.5 percent of the parity price.

Final goals and programs will be based in part on discussions with State leaders in late November and early December. Also, these programs will be contingent upon action by the Congress in providing funds and authorization for carrying them into effect.

The national average price received by farmers for peanuts in mid-November was 8.1 cents per pound, 0.4 cent more than a month earlier. This advance was largely a result of higher prices in Virginia and North Carolina. In these States the new crop began to move to market in volume in November at prices 1 cent per pound higher than those in effect for the old crop. Average prices to farmers for soybeans and cottonseed (\$2.05 per bushel and \$53.40 per ton, respectively) were slightly higher in mid-November than a month earlier. Flaxseed prices, at \$2.90 per bushel, averaged the same as in mid-October. Parity prices for oilseeds advanced in mid-November, as follows: Cottonseed, 30 cents per ton to \$38.60; peanuts, 0.05 cent per pound to 8.21 cents; soybeans (comparable price), 1 cent per bushel to \$1.64; flaxseed, 2 cents per bushel to \$2.89.

CORN AND OTHER FEED

Market prices of feed grains advanced more than seasonally from mid-November to early December, notwithstanding record corn and grain sorghum production this year, and relatively large crops of oats and barley. Demand for commercial supplies of feed grains was stimulated by purchases of corn by distillers for or in anticipation of resuming production of beverage alcohol, and by purchase of wine by Commodity Credit Corporation for War Food Administration for export purposes. Corn prices at Chicago advanced about 8 cents per bushel from mid-November to mid-December, to a level only slightly under the ceiling. Oats prices advanced about 5 cents per bushel at Chicago and feed barley prices advanced 8 to 10 cents per bushel at Minneapolis during the same period.

With the feed supply situation easier than for the past 2 seasons, feed-grain prices generally are expected to average somewhat lower during the next 2 or 3 months than a year earlier. During the spring of 1945, corn prices may not have so much seasonal rise as in most years.

Price-support policies will limit declines in feed-grain prices during 1945. The loan rate on 1944 corn, based on 90 percent of the October parity price, will average about 98 cents per bushel, ranging, by counties, from 87 cents to \$1.12 per bushel on corn grading U. S. No. 3 or better. The loan rate on the 1943 crop was based on 85 percent of parity, and the loan ranged from 81 cents to \$.01 per bushel. A loan rate of 85 cents per bushel in most States is in effect on 1944 crop barley (basis No. 1 grade), and of 95 cents per bushel in most States on grain sorghums grading No. 2 or better.

Byproduct feeds, with few exceptions, continued to sell at ceiling levels. Prices of most byproduct feed have been at or near ceilings for more than a year. With fewer animals on farms, demand for byproduct feeds will be less strong in 1945 than in 1944. Nevertheless, prices of most byproduct feeds are likely to remain near present levels in 1945. Prices of cottonseed, soybean, linseed, and peanut cake and meal are being supported, where necessary, at near ceiling levels by Commodity Credit Corporation through agreements to purchase all such cake and meal offered by processors at the stated prices.

In view of the relatively large feed supplies and with reduced numbers of livestock on farms, most livestock-feed price ratios, except possibly the egg-feed price ratio, may be more favorable for livestock producers in 1945 than in 1944.

WHEAT

During the past month the price of wheat advanced generally 1 to 4 cents. Low protein wheat at Minneapolis, however, declined following the closing of navigation and the discontinuance of Commodity Credit Corporation purchase of wheat for feed. Prices of soft red wheat advanced to ceiling levels, but prices at Kansas City are 5 cents below, and prices of white wheat in the Pacific Northwest and ordinary protein at Minneapolis are 9 and 8 cents, respectively, below the ceiling levels. An upward revision of 4 cents in wheat price ceilings was announced December 12.

With the large corn harvest, it now appears that the carry-over of wheat next July may total about 100 million bushels more than the 315 million bushels last July. With a crop of 1,079 million bushels and imports of possible 35 million bushels, supplies of wheat in 1944-45 total 1,429 million bushels. The large crop of corn is expected to reduce the quantity of wheat for feed to about 230 million bushels and the quantity for alcohol to about 65-75 million bushels. In the 10 years before the war, wheat for feed averaged 117 million bushels, but in 1943-44, about 500 million bushels were used to supplement the relatively short feed grain supplies. The use of wheat for alcohol before the war was negligible; in 1943-44 it amounted to 108 million bushels. The quantity which will be exported in 1944-45 continues to be uncertain. If sufficient shipping space becomes available, exports of wheat including flour in terms of the grain, would exceed 100 million bushels. Food for civilian and military forces is expected to take about 535 million bushels (about the same as the revised figure for 1943-44), and seed about 80 million bushels.

Supplies in both Canada and Argentina are very large. If Australia had not suffered a virtual crop failure, which will reduce the size of its carry-over, that country also would have a large surplus. With large stocks in three of the important exporting countries -- Canada, Argentina and the United States -- it is estimated that total world stocks on July 1 this year amounted to about 1-1/2 billion bushels, or over 60 percent above 925 million-bushel average in the 10 years before the war.

FRUIT

Prices for fresh apples, pears, and grapes on the New York City auction market advanced slightly from early November to early December, reflecting decreasing market supplies and continued strong demand. On the same market for the same period of time, prices for grapefruit tended to advance, those for lemons remained steady at ceiling levels, and those for oranges declined under the impact of increasing market supplies. With the exception of pears, prices for principal fresh fruits were moderately higher than a year earlier. Prices for apples and pears, now drawn from storage stocks, are expected to advance seasonally this winter and spring. The present strong market for grapefruit is expected to continue, although there might be a temporary seasonal decline early next year as supplies reach a peak. Prices for oranges are expected to remain fairly steady until after the holiday season and then decline temporarily as demand slackens, later rising seasonally.

Although the crop of early and midseason oranges in Florida is considerably smaller this season than last because of hurricane damage, the total United States crop of oranges is expected to be about as large as in 1943-44. A record large crop of Valencia oranges in California is in prospect for harvest next spring and summer. The total grapefruit crop is expected to be about 13 percent smaller this season than last, but the California lemon crop about 21 percent larger. Supplies of fresh citrus fruit are expected to be generally plentiful for the rest of the 1944-45 season.

Prices for important varieties of apples at country shipping points and on the New York City wholesale market, as well as on the New York City auction, advanced from early November to early December. In the northeastern area of the United States, ceiling prices f.o.b. country shipping points have been increased 15 cents per box or bushel, effective November 23, 1944, because of damage by the mid-September hurricane to the apple crop. This action will tend to strengthen prices in the affected area.

Carlot shipments of apples, pears, and grapes have declined considerably in recent weeks. Those for grapefruit, which declined considerably following the October hurricane in Florida, have been near normal in recent weeks, and those for oranges have passed the 3,000-car-per-week mark.

TRUCK CROPS

Commercial Truck Crops for Fresh Market

Prices received by farmers for commercial truck crops for fresh market moved up seasonally from an index of 153 in October to 188 in November of this year, but still remain generally below prices received in corresponding periods a year earlier. Prices received by farmers rose during this period for most truck crops, but declined for artichokes, beets, cauliflower, and spinach.

Although prospective tonnage of 1945 winter-season commercial truck crops for fresh market shipment is indicated to be a third larger than the 10-year (1934-43) average production achieved, it is 16 percent below produc-

tion in 1944. Largest acreage reductions are indicated for cabbage (including cabbage used for kraut) and for spinach. With the European phase of the war continuing into 1945, with consequent sustainment of high levels of employment, consumer demand, and noncivilian requirements, it is expected that market prices for winter-season truck crops in general will hold or rise through January and February, and possibly longer.

Total carlot shipments of truck crops in November of this year were about 16 percent below shipments in the previous month and around 6 percent below shipments in November, 1943.

The lighter supplies of vegetables available in terminal markets, coupled with the active demand associated with lower temperatures and holiday buying have resulted in a sharp rise in terminal market wholesale prices. The weighted average level for 14 important vegetables in New York City for the week ended December 2, 1944, was 19 percent higher than during the corresponding week a month earlier, and 14 percent higher than a year earlier. Prices for lettuce rose sharply to ceiling levels from the temporarily low level of a month earlier. Strong increases during the same period also were evidenced in prices for broccoli, celery and tomatoes. Lesser, but significant increases occurred in prices for cabbage, cauliflower, onions, and green peppers.

A reappraisal of the damage done by the Florida hurricane indicated considerably less damage to snap beans than was first assumed, and the emergency ceiling established November 1 was reduced 20 cents a bushel for December. While terminal market wholesale prices for snap beans have recovered somewhat from their November slump, they continue well below ceilings, and, in view of the more plentiful supplies in prospect, probably will not advance materially during December.

Commercial Truck Crops for Processing

The aggregate production of commercial truck crops for processing in 1944 is now indicated to be nearly 7 percent larger than last year. The preliminary estimated 1944 production of snap beans for processing (214,000 tons) is about 18 percent less than the 1943 production, though still almost double the 10-year (1933-42) average production (110,600 tons).

The estimated 1944 pack of canned vegetables (equivalent pounds fresh basis) is indicated to be virtually the same as in 1943 (less than 1 percent increase). The requirements of military forces and other noncivilian claimants will leave about the same per capita quantity of canned vegetables available to civilians during 1944-45 as were available during the previous pack year.

Indicated civilian and noncivilian requirements during 1945 for the four major processing vegetables (tomatoes, sweet corn, green peas, and snap beans) which normally comprise about 85 percent of the total pack, could be met by planted acreages (with average yields) equal to the following percentages of 1944 indicated acreages: tomatoes, 103 percent; sweet corn, 96 percent; green peas, 96 percent; and snap beans, 74 percent.

POTATOES AND SWEETPOTATOES

Prices for leading varieties of U. S. No. 1, Size A, potatoes at shipping points in important late potato States have been at or near ceiling levels for the past month. They advanced December 1 in reflection of the 10 cent per 100 pound scheduled increase in ceiling prices. Prices at the New York and Chicago wholesale markets followed a similar movement. Prices generally have been near the levels of a year earlier. Important factors conditioning this favorable market position of potatoes are a much smaller late crop this year than last and a strong demand by the Government, dealers, and civilian consumers. Prices are expected to reflect ceiling levels for the remainder of the season.

Carlot shipments of potatoes from the 18 surplus late States, the main source of potatoes from now until spring, total 98,633 cars for this season through December 16, or nearly as many cars as for the corresponding period last season. In recent weeks carlot shipments have been larger than a year earlier. The crop in these 18 late States is 17 percent smaller than last year. This means that a larger percentage of this year's late crop has been shipped than was the case last season at this time. Thus a somewhat slower rate of market movement will be required in order to extend the remaining supplies of late-crop potatoes until plentiful supplies of new potatoes are available next spring. Moreover, to meet more fully the demand for potatoes will require a greater utilization of the smaller sizes of potatoes than was true last season.

In order to assure adequate quantities of good-quality potatoes for the American armed forces, the War Food Administration has issued WFO No. 120, effective December 11, 1944, which requires that shippers of potatoes grown in certain areas designated by the Director of Distribution must offer them to the Government procurement agencies before making deliveries elsewhere. Initially the order is effective in southern Idaho and designated counties in eastern and south-central Oregon and adjacent counties in California. Henceforth, civilians must look to the surplus areas of the middle West and East for a larger proportion of their potato supplies.

Prices received by farmers for sweetpotatoes declined from \$1.85 per bushel in mid-October to \$1.64 in mid-November. The latter price compares with \$1.77 in November 1943. Prices are expected to rise seasonally from the November price, which usually is the low for the season. The crop this year is estimated at 72 million bushels, 2 percent smaller than last year but 7 percent larger than the 10-year (1933-42) average. Carlot shipment for this season through December 16 totaled 6,747 cars, 19 percent more than for the corresponding period last year.

DRY EDIBLE BEANS

Production of dry edible beans is indicated to be about 16.1 million bags (bags of 100 pounds, uncleaned), 23 percent less than in 1943, but still about 1.0 million bags greater than the 10-year (1933-42) average, according to the annual crop report. This production estimate constitutes a reduction of about 1.3 million bags from estimates made 3 months earlier, primarily because of wet weather at harvest time in two important producing States, Michigan and New York.

The U. S. average price received by farmers for dry beans at \$6.26 per 100 pounds reflects support levels and remains virtually unchanged from a month earlier, but is 20 cents above a year ago.

Set-aside percentages of different classes of dry beans have been readjusted by a further amendment to War Food Order No. 45, effective December 1, 1944, in order to meet more precisely the revised allocation to claimant war agencies. Set-asides were increased for Light, Dark, and Western Red Kidney, and for Small Red beans, but were decreased for Pea, Great Northern, Small White, Flat Small White, and Baby Lima beans, and were eliminated entirely for Pinto beans. Although the new order provides for setting aside about one-fourth smaller total quantity of beans than the previous order, it is indicated that civilians will still get from 7 to 10 percent less beans per capita in 1944-45 than in the preceding year.

COTTON

Cotton prices were quite steady during the month ended December 15. The 10-market price of Middling 15/16-inch cotton ranged from 21.24 cents to 21.61 cents and averaged 21.43 cents, which compared with an average of 21.45 cents during the corresponding period a month earlier. The 10-market average of 21.60 cents on December 15 was about 1/2 cent below the average parity equivalent for Middling 15/16-inch cotton in those markets. The United States farm price of cotton on November 15 was 20.78 cents per pound or 98 percent of the parity price of 21.20 cents.

Through December 12, a total of 42,529 bales of cotton was reported to the Commodity Credit Corporation as having been sold for export. This export program which was inaugurated November 15 provides for a 4-cent per pound differential between the domestic and export prices of American cotton.

According to the December Cotton Report, the 1944 average yield of 295.3 pounds per acre is 22.9 pounds above the previous all-time record yield of 272.4 pounds per acre produced in 1942. Although this record high yield involves only 20,098,000 acres, the smallest acreage of any year since 1895, and is 24 percent below the 1933-42 average, the production of 12,359,000 bales, 500-pounds gross weight, is only slightly below the 1933-42 average production of 12,455,000 bales.

Consumption totaled 858,877 bales during November. This was equivalent to an annual rate of 9,964,000 bales, the highest of any month since April 1944. This annual rate compares with an August-November annual rate of 9,643,000 bales, and an actual consumption last season of 9,943,000 bales. Nevertheless, consumption per working day was 3 percent smaller this November than last and the consumption from August through November was 5 percent smaller this year than last.

WOOL

Recent developments in the European war have stepped up Army requirements for wool clothing and mills probably will continue to operate at the current rate, or higher, through the early months of 1945. Demand for domestic wool may increase as a result of additional Army orders. Mill consumption of apparel wool in 1944 will total close to a billion pounds (grease basis) for the third successive year, but the 1944 consumption will be a little smaller than in 1942 and 1943, due largely to high labor turnover and declining total employment in the wool industry.

Stocks of domestic and foreign apparel wool in the United States on October 1 totaled about 950 million pounds (grease basis) compared with 1.1 billion pounds on July 1. However, stocks have been reduced somewhat since October 1. These totals include all stocks held by dealers and mills, United States Government stocks, and wool still to come forward from farms and ranches during the remainder of the 1944 season, but they exclude wool stored for the British Government. The October 1 stocks this year were about equal to the 1943 stocks, but were more than twice as large as average 1935-39 October 1 stocks of around 400 million pounds. Mill consumption of apparel wool at present, however, is at an annual rate of close to 1 billion pounds, grease basis, compared with 1935-39 average consumption of about 600 million pounds. United States stocks of domestic produced wool were considerably larger than a year earlier, while stocks of foreign-grown wool were smaller. About 56 percent of the October 1 stocks this year were domestic wool compared with 40 percent last year. Approximately 520 million pounds of domestic and foreign wool were owned by the Commodity Credit Corporation and Defense Supplies Corporation on October 1. In addition to the wools already purchased, part of the domestic wool held by dealers, or on farms, was held for purchase by the Commodity Credit Corporation.

TOBACCO

In the midst of the marketing season for one of the largest crops on record, demand for tobacco continues strong and prices near the relatively high levels of last year. Practically all of the flue-cured crop has been sold at a season average price of about 42 cents per pound, compared with 40.2 last year and the all-time high of 44.4 cents per pound in 1919. The approximate season average prices paid growers for types 13 and 14 were 42-1/2 cents, and 36 cents, respectively. Through December 9, types 11 and 12 averaged about 43 cents per pound.

Burley markets opened December 11 with prices of most grades on the first day of sales at the established ceilings. This year's crop is the largest ever produced, but somewhat below last year in quality. Virginia sun-cured (type 37) markets opened December 5, and prices on the opening day averaged 26 cents per pound compared with 31 cents on the first day last year. The quality of the offerings was below a year ago with a large proportion of green and wet tobacco. Green River (type 36) markets opened December 7 and prices for the first 2 days averaged about 27 cents per pound, compared with 20 cents for the first three days last year. One Sucker (type 35) markets opened December 8 and prices on the opening day averaged 26-1/2 cents, about the same as the opening sales last year.

There were no grades of dark tobaccos reserved for sale to insecticide manufacturers this season as was the case last year. A support price, however, has been established for certain low grades and private buyers can purchase these grades only at prices above the support price. If no bid is made, the grades are taken by the Commodity Credit Corporation for byproducts diversion. Most of these grades were purchased by private buyers during the first two days of sale.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	: Unit or : base : period	1943		1944			
		: Year	: Nov.	: Aug.	: Sept.	: Oct.	: Nov.
Industrial Production <u>1/</u>	: 1935-39 :						
Total	: = 100 :	239	247	232	230	232	232
All manufactures	: " :	258	268	248	246	248	248
Durable goods	: " :	360	376	348	342	345	342
Nondurable goods	: " :	176	180	168	168	169	172
Minerals	: " :	132	133	142	143	143	142
Construction activity <u>1/</u>	: 1935-39 :						
Contracts, total	: = 100 :	123	104	71	68	73	73
Contracts, residential	: " :	98	91	32	32	32	32
Wholesale prices <u>2/</u>	: 1935-39 :						
All commodities	: = 100 :	128	128	129	129	129	130
All commodities except farm and food	: " :	119	120	121	121	122	122
Farm products	: " :	161	160	161	161	162	164
Food	: " :	135	134	132	132	132	133
Prices received and paid by farmers <u>3/</u>	: 1910-14 :						
	: = 100 :						
Prices received, all prod.	: " :	192	194	193	192	194	196
Prices paid, int. and taxes	: " :	162	166	170	170	170	171
Parity ratio	: " :	119	117	114	113	114	115
Consumer expenditures <u>4/</u>	: 1935-39 :						
Total	: = 100 :	155	162	166	---	---	---
Cost of living <u>5/</u>	: 1935-39 :						
Total	: = 100 :	124	124	126	126	126	126
Food	: " :	138	137	138	137	136	136
Nonfood	: " :	116	117	121	121	121	121
Income	: 1935-39 :						
Nonagricultural payments <u>4/</u>	: = 100 :	207	217	230	230	231	---
Cash farm <u>3/</u>	: " :	242	254	261	244	265	---
Income of Industrial Workers <u>3/</u>	: 1935-39 :	305	319	310	307	306	---
Factory payrolls <u>5/</u>	: = 100 :	337	358	334	333	335	---
Weekly earnings of factory workers <u>5/</u>	: Dollars :						
All manufacturing	: " :	43.16	45.32	45.86	46.25	46.98	---
Durable goods	: " :	49.32	51.67	51.82	52.19	53.24	---
Nondurable goods	: " :	34.12	35.73	37.15	37.67	37.99	---
Employment	: :						
Total civilian <u>6/</u>	: Million :	52.5	51.7	54.0	53.0	52.9	52.2
Employees in nonagri. est. <u>5/</u>	: Thous. :	39,728	39,847	38,741	38,523	38,414	38,400
Farm <u>3/</u>	: " :	10,263	10,698	10,608	11,040	11,839	10,690
Government finance (Federal) <u>7/</u>	: Mil. dol. :						
Receipts, net	: " :	2,879	2,099	2,568	5,926	2,001	2,240
Expenditures	: " :	7,340	7,839	8,119	7,930	8,024	7,828

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B. L. S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid interest and taxes to the 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B. L. S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1943 are on average monthly basis.

Name	Age	Sex	Occupation	Remarks
John Smith	25	Male	Farmer	Wife deceased
Mary Jones	30	Female	Housewife	Children 3
Robert Brown	40	Male	Carpenter	Wife living
Elizabeth White	20	Female	Schoolteacher	Single

